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Weekly Contributions

[redacted] OTE, CIA  
28 March 1950

Of the items reported this week, [redacted] finds one -- that on the official stand taken by Cuban Communists (p. 2) -- of particular interest.

CURRENT DEVELOPMENTS

NORTHERN AREA: Nicaragua has proposed a "collective security pact" to Honduras and El Salvador (p. 2). In Cuba, there are rumors of revolutionary plotting, but it is unlikely that an attempted coup before elections would have support necessary for success (p. 2). Cuban Communists finally have officially stated that they will refuse to fight against the Soviet in event of a US-USSR war (p. 2).

CENTRAL AREA: Colombia's president-elect Laureano Gómez may be influenced to accept a Liberal proposal for collaboration (p. 2).

SOUTHERN AREA: Bolivia's government claims to have suppressed a new revolutionary plot, the second within the month (p. 3).

SPECIAL SUBJECTS

The Current Situation in the Dominican Republic . . . . . 4

State Dept. review completed

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(CIA Working Paper)

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1. CENTRAL AMERICA: Interest in Collective Security

Recently increased tension in Central America may lead Honduras and El Salvador to consider a Nicaraguan proposal that the three countries join in a tripartite (anti-Guatemalan) defense agreement. Salvadoran relations with Guatemala have recently deteriorated, while Honduran relations with Guatemala may be adversely affected by the current exodus from Guatemala of armed groups which have entered Honduras near Copán. Although Guatemala has offered Honduras "full cooperation" in the matter, the possibility remains that these armed groups may be able to establish themselves in Honduras before corrective action can be taken.

believes that Honduras, El Salvador, and Nicaragua may consider this agreement, whether official or informal in nature, to be of immediate value and help in discovering, publicizing, and possibly counteracting the activities of exiled revolutionary groups.

2. CUBA: Rumors of Plot to Oust President Prío

Rumors about a conspiracy to overthrow the present administration  Wkly: 21 Feb, 7 Feb, 10 Jan 50) are now widespread in Habana.  believes that junior army officers may in fact be plotting against the government, but that, prior to election day in June 1950, an attempted coup is unlikely to receive needed support from leaders of the political opposition who have good prospects in the coming by-election.

3. Communist Policy in Event of US-USSR War

The Cuban Communist Party (PSP) has officially stated as its policy refusal to fight against the Soviet Union in event of a US-USSR war. This definite statement, after two years of avoiding a showdown, may mean either that the Communists are feeling very confident as a result of their new electoral ties with the moderate conservatives  Wkly, 14 Mar 50) and/or that Moscow has issued express orders requiring a statement of policy.

4. COLOMBIA: Liberal Proposal for Collaboration With Gómez

Increasing unrest may influence president-elect Laureano Gómez to accept a proposal for collaboration which is being formulated by the Liberal Directorate.

Gómez had apparently hoped that the organization of a new police force in conjunction with the placement of strong Conservatives in important and strategic army posts would increase his ability to prevent subversive outbreaks. He apparently now realizes that such measures have tended to strengthen anti-Gómez sentiment both in the army and among certain elements of the civilian population. Increasing unrest is shown by guerrilla warfare in the western plains, by clashes between the police and the army, by continued arms smuggling, and by various revolutionary plots.

SECRET

SECRET

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On the other hand, orthodox Liberals have apparently abandoned the idea of gaining power by revolution. Under the influence of Alfonso López, the Liberal Party Directorate is now preparing a plan, probably involving a limited degree of collaboration, to meet Gómez' desire for a 1950 session of Congress. The Liberal proposal will probably have limits and conditions which Gómez would prefer to reject, but his desire for at least a facade of democracy and the constantly recurring threat of insurrection may well combine to make his feel that acceptance of the Liberal proposal is most expedient if not necessary.

Such an agreement between Gómez and Liberal leaders would be favorable not only to the US interest in stability but also to the US interest in democracy in Colombia.

5. BOLIVIA: "Communist Plot"

Predicted unrest  (Wklies: 28 Feb, 21 Mar 1950) continues and the second "plot" this month has been "nipped in the bud". It is not clear which opposition group was responsible. Press reports quote Bolivian government statements that the plot was Communist inspired under direct leadership of a Communist expert fresh from Russia; Ambassador Florman, on the other hand, stated on 23 March that "The Communist problem in Bolivia is nil".

Bolivian allegations of Communist plots and claims that Bolivia has become an international Communist center probably represent an attempt to impress the US in the hope of obtaining much-needed financial assistance. It is true that Bolivia's serious economic difficulties, the weakness of its government, and general discontent among labor groups make conditions ripe for Communist agitation. Nevertheless,  estimates that Communism, which is weak in Bolivia, is of importance only as it might represent an addition to an already powerful opposition.

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Weekly Contributions,   
(CIA Working Paper)  
Situation Memorandum 17-50

28 March 1950

### The Current Situation in the Dominican Republic

(Summary -- Trujillo remains in full political control of the Dominican Republic. Despite some falling off of commercial activity, 1949 was a fairly prosperous year. There is no Communist problem in the country. The armed forces are steadily improving in efficiency.

-- While the Dominican government is pro-US, it has become increasingly the focal point of unrest in the Caribbean. To the extent that the Trujillo regime exerts a divisive influence in the Caribbean, it adversely affects those US security interests dependent on the solidarity of all twenty-one American Republics.)

#### Political

Trujillo's control over the Dominican Republic shows no signs of weakening. As long as this situation obtains, there is no possibility of organized opposition within the country. Maneuvers abroad of exiled oppositionists and other anti-Trujillo groups have not impaired Trujillo's control because of the people's indifference and the strength and loyalty of the armed forces. The situation will be altered only by the death or incapacity of Trujillo, and neither eventuality appears imminent.

#### Economic

The Dominican Republic was fairly prosperous in 1949. It is true that commercial activity declined from the peak years of 1947 and 1948, and that imports declined from \$66 million in 1948 to \$43 million in 1949. This 40 percent drop in the value of imports is attributable largely to the merchants' reduction of inventories in anticipation of the country's reduced purchasing power. Also, the loss to the government of customs revenue caused a sharp curtailment of public works projects and necessitated other administrative economies. These cutbacks, however, have not seriously affected the economic situation, which continues to be generally favorable. Exports, valued at \$74 million during 1949, were at about the same high level as in 1948, and accounted for a favorable trade balance of \$30 million. Coffee shipments (\$10.7 million) represented an increase of 62 percent in value and 28 percent in volume. Exports of sugar, the Republic's most important crop, were satisfactory although lower world market prices more than offset the increased volume. The Dominican Republic, however, is now worried that the UK, its principal sugar market, will not be able to take as much sugar in the future and will be unable to make payment in dollars. As an indication of the seriousness of this problem, Trujillo himself has asked the US to grant the Dominicans a sugar quota comparable in terms of production to that allocated to Cuba. These possible difficulties in disposing of the sugar crop do not impair the generally good foreign trade prospects of the Dominican Republic, however.

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25X1

Weekly Contributions,   
(CIA Working Paper)  
Situation Memorandum 17-50

- 2 -

28 March 1950

The financial situation also continues to be favorable. Gold and foreign exchange holdings remain ample. The government has enacted a new tax program in order to amortize its modest funded debt, an internal obligation of about \$20 million. While specific revenue and expenditure figures are not published, the government appears to be living within its current income estimated at about \$70 million a year.

There are no factors in the present situation which are likely, during coming months, seriously to impair the generally favorable economic outlook.

#### Military

The armed forces are steadily becoming more effective. Morale is excellent, and all services can be counted on to cooperate loyally in support of the regime. The training of the navy and strengthening of the air force are being given particular attention. The light bomber and four fighters recently purchased in the US (but not yet delivered) will appreciably augment the capabilities of the air force. Government economy moves have not affected the military establishment. For the calendar year 1950, 25 percent (\$18.5 million) of the total budget is allocated to the services, a substantial sum as compared to current fiscal appropriations in neighboring countries -- 10 percent (\$5 million) in Guatemala; 20 percent (\$3 million) in Haiti; and 18 percent (\$40 million) in Cuba. Included in the army budget is \$2 million for the operation of the small arms plant at San Cristobal. This plant, which produces machine guns of good quality, has increased the country's military potential significantly.

#### Subversive

There are virtually no Communists in the Dominican Republic. While a few individuals in the armed forces and much of the population object to Trujillo, their opposition is purely passive.

#### International

Dominican relations with neighboring Caribbean Republics have been dominated in recent months by Trujillo's concern over attack from abroad. This concern led him to request special war powers from Congress -- a superfluous gesture designed to focus attention on Guatemalan and Cuban encouragement of anti-Trujillo activities in those countries. At the same time, this concern caused him to countenance the involvement of Dominican officials in last December's plot to overthrow the Haitian government so that it might be replaced with one subservient to him. Although relations with Cuba, Guatemala, and Haiti remain strained, the recent report of the OAS investigating committee -- which censured the Dominican Republic, Guatemala and Cuba -- will tend to prevent those countries, at least temporarily, from interfering in the internal affairs of other countries.

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